



NEWS RELEASE

Internal Revenue Service - Criminal Investigation
Los Angeles Field Office
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Lancaster Man Admits Creating Fake Businesses and Misusing Identities for the Purpose of Receiving Fraudulent Tax Refunds and Unemployment Insurance Benefits

Los Angeles – A Lancaster man pleaded guilty today to federal charges stemming from his creation of fake businesses and his misuse of individuals' identities for the purpose of receiving fraudulent tax refunds and unemployment insurance benefits.

Carl Steven Artis, 54, formerly of North Hollywood, pleaded guilty this morning before United States District Judge George H. Wu to one count each of mail fraud and false claims against the United States government.

According to the plea agreement filed in the case, from at least August 2010 to August 2014, while living in North Hollywood, Artis operated a scheme to defraud the California Employment Development Department ("EDD") of unemployment insurance benefits. To execute the EDD fraud scheme, Artis registered fictitious companies with the EDD; submitted false wage information for individuals whom he falsely claimed worked for these companies; and then fraudulently applied for and obtained unemployment insurance benefits in the names of these individuals.

In parallel with his efforts to register fake companies with the EDD, Artis obtained social security numbers and dates of birth from persons held in state or federal custody and other individuals whose identities were used as part of the scheme. He then filed fake claims for unemployment insurance benefits for these individuals. Contrary to Artis' submissions to the EDD, none of the individuals ever worked for the fake companies; none ever received the wages that Artis reported to EDD; and none lived at the addresses that Artis listed on forms filed with the EDD.

In total, Artis submitted approximately 61 fraudulent claims to EDD seeking approximately \$817,510 in unemployment insurance benefits, resulting in losses to EDD of approximately \$498,480.

In addition to the unemployment insurance scheme outlined above, from at least April 2011 to July 2013, Artis engaged in a scheme to defraud the Internal Revenue Service (IRS) through the submission of fraudulent tax returns seeking tax refunds. In perpetrating the tax fraud scheme, Artis used the identities of many of the same individuals and businesses used in the EDD scheme.

For each of the fake taxpayers, Artis generated fictitious IRS Forms W-2 in the names of the fake taxpayers, falsely claiming the companies that he invented for the sole purpose of the fraud paid wage income to the fake taxpayers, and falsely claiming that taxes were withheld from the fictitious income in excess of the amount owed. Artis then caused false tax returns to be filed in the names of the fake taxpayers seeking a tax refund.

In total, from April 2011 to July 2013, Artis filed approximately 83 fraudulent income tax returns with the IRS, falsely claiming a total of \$504,118 in tax refunds. The IRS paid out \$99,520 in false claims before the scheme was discovered.

Artis is scheduled to be sentenced by Judge Wu on May 18, 2015. The maximum sentence he can receive is 25 years imprisonment and a fine of \$500,000. In addition, Artis may be ordered to pay restitution of approximately \$598,000.

The investigation and prosecution of Artis was conducted by the U.S. Department of Labor – Office of Inspector General, the State of California Employment Development Department, and IRS Criminal Investigation, in conjunction with the United States Attorney's Office for the Central District of California.

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